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20 February 2014

Dear Sheila

### **Certification work for Surrey County Council for year ended 31 March 2013**

We are required to certify certain of the claims and returns submitted by Surrey County Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

We have certified two claims and returns for the financial year 2012/13 relating to expenditure of £66.4 million. Further details of the claims certified are set out in Appendix A.

There is one issue arising from our certification work which we wish to highlight for your attention. This relates to the need to resolve the underpayment of employer and employee contributions to the Teachers' Pensions Scheme in respect of honoraria.

We are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification.

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 was £4,200. The final fee was reduced to £3,420 as there was no longer a requirement to certify the Initial Teacher Training return. This is set out in more detail in Appendix B.

Yours sincerely

Kathryn Sharp  
For Grant Thornton UK LLP

## Appendix A - Details of claims and returns certified for 2012/13

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?	Comments
Teachers Pensions Return	53,625,987	Yes	-	Yes	<p>We qualified this return for two reasons.</p> <p>The first relates to the need to resolve the underpayment of employer and employee contributions to the Teachers' Pensions Scheme in respect of honoraria. The 2012/13 return was not adjusted to take the underpayment into account, pending advice from the Teachers' Pensions Agency.</p> <p>The second reason is that included within the short term pensions figure (£10,976.20) is £2,829.30 which comprises payments made to dependants of spouses of deceased pensioners who had a pension before 2007. These payments are made by the Council and are not part of the Teachers' Pensions Scheme. They had been coded to Teachers' Short Term Pensions in the Council's accounting system in error. The Council will make the necessary adjustments to correct the error in the 2013/14 return.</p> <p>The return originally submitted for certification did not include the Analysis of Contributions by Tier in Section 3. The Council's system for analysing this information was implemented in the last 3 months of the year, with the figures for the first 9 months being calculated retrospectively. There was a very small difference (34p) between the figure for Employer Tier 1 contributions per the Council's supporting analysis (£57,882.00) and that included on the return (£57,881.66). Our testing of prime documents did not identify any errors.</p>
Walton Bridge	12,814,877	Yes	(249,851)	No	<p>During our review the Council identified that the incorrect expenditure amount had been recorded and provided us with an amended claim. Our testing did not identify any other errors.</p>

**Appendix B: Fees for 2012/13 certification work**

<b>Claim or return</b>	<b>2011/12 fee (£)</b>	<b>2012/13 indicative fee per fee letter (£)</b>	<b>2012/13 actual fee (£)</b>	<b>Variance (£)</b>	<b>Explanation for variances</b>
Teachers Pensions Return	6,347	2,600	2,600	(3,747)	Changes to the contents of the return amended the scope of our work.
Walton Bridge	820	820	820	0	
Initial Teacher Training	1,743	780	-	(1,743)	There was no requirement to certify this return in 2012/13.
Reporting	720	-	-	(720)	Included within our work on individual claims and returns.
<b>Total</b>	<b>9,630</b>	<b>4,200</b>	<b>3,420</b>	<b>(6,210)</b>	

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